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QUESTION 1

Which of the following principles uses Product Descriptions to provide clarity by defining each product's purpose, composition, derivation, format, quality criteria and quality method?

- A. Tailor to suit the project environment
- B. Focus on products
- C. Manage by stages
- D. Continued business justification

Correct Answer: B

QUESTION 2

Which of the following principles describes this statement?

"xxx defines tolerances for each project objective to establish limits of delegated authority"

- A. Manage by stages
- B. Focus on products
- C. Manage by exception
- D. Learn from experience

Correct Answer: C

QUESTION 3

Which of the following statements is NOT correct?

The Learn from Experience principle suggests that lessons should be actively sought...

- A. When Starting a Project
- B. When Initiating a Project
- C. As the project progresses
- D. As the project closes

Correct Answer: B

QUESTION 4

The Manage by Exception principle sets tolerances for six areas of the project, Time, Cost and Quality are three of them, what are the other three?

- A. Scope, People & Resources, Benefit
- B. Scope, Risk, Product
- C. Risk, Benefit, Product
- D. Scope, Risk, Benefit

Correct Answer: A

QUESTION 5

Which statement best explains the purpose of Tailor to suit the project environment?

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- A. Ensure project controls are based on project's scale, complexity, importance, capability and risk
- B. To use a set of pre-defined templates for the size of project
- C. To tailor the use of the principles to suit the project
- D. To pick which PRINCE2 processes to apply and which to leave out

Correct Answer: D

QUESTION 6

Which of the following statements is FALSE regarding the Continued Business Justification?

- A. The justification for the project must remain the same throughout the project
- B. The justification for the project should remain valid
- C. The justification for the project may change
- D. If the project is no longer justified it should be stopped

Correct Answer: B

QUESTION 7

Scenario

Additional Information

During the initiation stage the Project Manager met with the Marketing Director to find out more about the requirements of the promotional calendar and recorded the following notes:

There has been a reduction in the order numbers at the MNO Manufacturing due in part to the increased marketing activities of its competitors. 10% of customers have not re-ordered in this financial year and staff morale is poor. A number of skilled staff have left as a result and replacement staff have not been recruited due to the reduced operation. If the project is successful, a recruitment campaign will be required to fill the existing staff vacancies and there may be a requirement for additional staff. Operational costs are likely to increase because skilled staff are expensive and difficult to find.

In financial terms, there were a total of 1,500 orders in the last financial year, each with an average profit of £2k. The Marketing department believes that sending a promotional calendar to our current and prospective customers would increase orders by at least 10% with a minimum of 10 further orders from the list of prospective customers within 12 months from the date of distribution.

The Marketing Director will be funding the project from the business marketing budget. She believes that the effect of a good company image portrayed by a successful calendar would last into a second year. She has forecast the same increase in orders for a second year and predicts that the annual employee satisfaction survey will show a measurable improvement in staff morale.

A number of alternatives were explored, including:

- 20% discount for all repeat customers - not cost-effective and very short term
- A promotional calendar as a free Christmas gift - would target current and prospective customers and the benefits would last into a second year
- A series of television and press advertisements was too expensive
- A direct mail shot to all customers - benefit would be short term
- Creation of an internet website - would not suit all customers

The calendar is seen as the favored option, as long as the company's competitors do not increase their marketing activity. Whilst the Marketing department wants a very high quality,

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glossy product, the project management team must be aware of the cost this will incur.

Which 2 statements should be recorded under the Reasons heading?

- A. The Marketing department believes that sending a promotional calendar to current and prospective customers will increase orders by at least 10%.
- B. 10% of customers have not re-ordered in this financial year.
- C. 1,500 orders are expected, each with an average profit of £2k.
- D. The Marketing department believes that the effect of a good company image, portrayed by a successful calendar, will last into a second year.
- E. MNO Manufacturing is experiencing a fall in orders due in part to the increased marketing activities of its competitors.

Correct Answer: BE

QUESTION 8

HOTSPOT

Scenario

A central government department, the Ministry of Food Hygiene (MFH), faces increasing pressure to cut costs, better manage suppliers' performance and reduce the confusion caused by inadequate internal controls, outdated standards and outdated technology. External consultants were employed to conduct a feasibility study to identify options to address the problems, and the likely costs and benefits. The following options were considered:

Do nothing.

Re-engineer selected business functions.

Outsource selected business functions.

The feasibility study concluded that there was a case for outsourcing the MFH Information Technology

Division and the Facilities Division (maintenance of buildings and grounds). The recommendations were:

One service provider should be contracted to provide the services currently provided by the Information Technology Division and the Facilities Division.

A 10-year service contract should be agreed with the selected service provider.

The feasibility study developed high-level designs of the current organization, processes, systems and operating models, plus an outline Business Case for the required project. The external consultants also made the following recommendations for the management of the project:

Use PRINCE2.

Set up the project with 4 management stages:

Stage 1. Standard PRINCE2 initiation activities.

Stage 2. Create detailed designs (future organization, processes, systems and operating models) and the service level agreement between MFH and the future service provider.

Stage 3. Request and evaluate proposals, select service provider and agree contract.

Stage 4. Transfer equipment and staff, transfer responsibility for service provision and run trial period.

Initial estimates indicated that the project would cost ?5m and take two years to complete.

MFH senior management agreed that there was a case for outsourcing, and accepted the recommendations as a basis for the project. There is an expected saving of £20m over 10 years.

The Outsourcing project has completed the Starting up a Project process and is now in the

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initiation stage. Because of the strategic importance of the project, the MFH Chief Executive Officer has taken the role of Executive. A PRINCE2-experienced Project Manager has been appointed from within MFH. Staff within the business functions being outsourced will work with the external consultants who conducted the feasibility study to define the detailed designs.

Lines 1 to 6 in the table below consist of an assertion statement and a reason statement. For each line identify the appropriate option, from options A to E, that applies. Each option can be used once, more than once or not at all.

	Assertion		Reason	
1	The selected service provider should have their own Business Case for the work they are doing on the Outsourcing project.	True-False A	All project costs, including the cost of work carried out by external suppliers on the project should be included in the customer's Business Case.	True-False
2	The cost of managing the outsourcing contract should be included in the Business Case.	True-False B	The information in the Business Case is used to compare the development, maintenance and operational costs with the value of the benefits over a period of time.	True-False
3	The Business options section of the Business Case will need to be updated if the industry standards for outsourcing are changed.	True-False C	The Business options section of the Business Case describes options that have been considered to address the business problem.	True-False
4	Any expected benefit from increasing staff flexibility should be included in the Business Case.	True-False D	The Business Case should list each benefit that it is claimed would be achieved by the project's outcome.	True-False
5	The End Project Report should identify whether the expected savings of £2 over 10 years have been achieved.	True-False E	All benefits in the Business Case should be achieved before a project is closed.	True-False
6	The Project Board should ensure that the Benefits Review Plan includes the mechanisms for measuring all the claimed benefits of outsourcing.	True-False F	The Benefits Review Plan is created in the initiation stage.	True-False

Correct Answer: